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RUEHLO/AMEMBASSY LONDON 5516
RUEHMO/AMEMBASSY MOSCOW 2891
RUEHUL/AMEMBASSY SEOUL 1433
RUEHKO/AMEMBASSY TOKYO 5892
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RUCNDT/USMISSION USUN NEW YORK 7167
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RUEKJCS/JOINT STAFF WASHDC

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SENSITIVE
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DEPARTMENT FOR SCA/INS

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SUBJECT: DID DIKSHIT DELIVER? DELHI DECIDES

¶11. (U) Summary: Delhi Assembly elections, to be held November 29, are heading to a tight finish between the sitting Congress Party government of popular, two-term Chief Minister Sheila Dikshit, and her Bharatiya Janata Party (BJP) opponent V.K. Malhotra. Adding drama, and national significance, to what historically was a two party fight, Uttar Pradesh (UP) Chief Minister Mayawati's Bahujan Samaj Party (BSP) will employ its blatant caste politics strategy in an attempt to play spoiler and perhaps kingmaker. In addition to inflation, the most potent issues revolve around local development: electricity, water, roads, and housing. The BJP has tried to make terrorism (always more of a national concern) an issue, but gained relatively little traction. All bets are off, however, if bombs rock Delhi during the last week of the campaign. Early indications pointed towards a BJP victory based largely on anti-incumbency, with the BSP mainly damaging Congress. However, the tide seems to have turned and it appears the Congress and BJP are running much closer, which makes the BSP's final tally all the more important. Even with only five to ten seats, Mayawati may be in a position to choose -- may have to choose -- between the two national parties. A hung legislature with Mayawati playing kingmaker would have national level implications as the same scenario could be replayed after parliamentary elections next year. Results of the Delhi Assembly elections will be announced on December 8. End Summary.

Dikshit Battles Anti-Incumbency

¶12. (U) Most Embassy interlocutors admit Sheila Dikshit achieved much developmental progress during her two five-year terms. Delhi, along with most of urban India, grew tremendously in the last ten years. But with this growth have come the inevitable problems: too much traffic and pollution, and not enough electricity, water, public transportation, adequate roads, or housing. Add to this inflation and the recent terrorist bombings and any incumbent would be facing an uphill battle. Yet, Dikshit remains personally popular, even if the feeling among Delhites does not extend fully to her party. Both Congress Party President Sonia Gandhi and Prime Minister Manmohan Singh will hold rallies in support of Dikshit during the final week of

campaigning. Interestingly, both rallies will be in constituencies reserved for Scheduled Caste candidates, indicating Congress leaders are worried about Mayawati's BSP and want their big guns pointed directly at her. Even if the BSP doesn't win any seats outright, votes for the BSP will come overwhelmingly at the expense of the Congress Party, thereby tipping the balance in favor of the BJP.

BJP Smells Victory, Now Less Fragrant

¶3. (SBU) Early on, most journalists and political section contacts assumed the BJP would handily win a majority given the strong anti-incumbent strain in Indian politics. But as the campaign entered its final three weeks, the race tightened and the tone changed. The BJP failed to capitalize on early momentum and Chief Minister Dikshit has proved a resilient political personality. Additionally, V.K. Malhotra, the BJP's 77-year-old Chief Minister candidate, has failed to energize his party. The two initial BJP prospective leaders, Harsh Vardhan and Vijay Goel, came from rival factions within the BJP. Malhotra, a senior BJP politician who was first elected Chief Executive Councilor of Delhi (roughly the Chief Minister position) in 1967, represented a compromise choice. He is a seasoned politician -- with the added distinction of having defeated Prime Minister Manmohan Singh in parliamentary elections in 1999 -- but does not have the force of personality and charisma needed to connect with voters in a modern day Indian election. Even still, he stands a good chance of reclaiming the job he held over 40 years ago as power outages, traffic

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congestion and pollution continue to plague the city and anger voters.

BSP Looks to Play Spoiler, Kingmaker

¶4. (U) Mayawati's BSP remains the wildcard. No one is quite sure how well the party will fare. In recent state elections outside UP, the BSP managed to deny seats to Congress Party candidates, but failed to muster the votes to win any seats. Mayawati has spent significant resources to gain a foothold in Delhi. Not surprisingly, the BSP focused on those constituencies with high numbers of Dalit migrants from UP and Bihar. However, even in wealthy South Delhi neighborhoods, signs with the BSP's elephant are prevalent. For the BSP, "issues" remain less important than selecting candidates with the right caste background. According to political section contacts, Mayawati's social engineering will win the BSP three to four seats, though some are predicting as many as ten or eleven. Originally, Mayawati planned a series of four to five rallies in Delhi. It now appears she may only hold one. The main draw for the BSP remains the sheer force of Mayawati's personality. The number of her public appearances will likely correlate to the success, or failure, of her candidates.

Local Election, National Implications

¶5. (U) Comment: Two factors make the Delhi assembly elections important. First, the polls will take the electoral temperature of urban India shortly before national polls, due before May 2009. As the national capital, Delhi has long punched above its weight politically. But even with 14 million residents, Delhi remains small in pure electoral terms, sending only seven members to the Lok Sabha. Due to the personal popularity of Chief Minister Dikshit, the election mostly resembles a mayoral campaign. Local development issues will prove the deciding factor. On this account, the electorate appears fairly evenly split, though most analysts still give a slight edge to the BJP because of the BSP factor.

¶6. (U) Comment continued: Second, and perhaps more interesting, the balance between the Congress Party, the BJP and the BSP bears a striking resemblance to each party's current national standing. Should Mayawati gain enough seats to play kingmaker, she will have to show her hand, and choose between the Congress and the BJP. Relations between Mayawati and the Gandhi family are currently at all time low after a spate of personal attacks over the last few months. In UP Mayawati aligned with the BJP twice in the past -- and double-crossed them both times. But with her eye on the Prime Ministership, she will be loathe to turn off Muslim voters by siding with their archenemy, just as the BJP would be wary of Mayawati's word. In the end, Delhi may face a hung legislature with frantic horse-trading and high uncertainty as the two national parties try to cobble together a majority. End Comment.

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